

Minutes of Panel Meeting 19

29 May 2018 | 10:30 – 16:20

Etc. Venues, 8 Eastcheap, London, EC3M 1AE

Status of the Minutes: Draft

MEMBERS PRESENT

Jim Keohane	JK	Chair	Nicola Smith	NSm	Panel Member (Unassociated Retailer)
Mike Brindle	MB	Panel Member (Associated Retailer)	Richard Moore (via teleconference)	RM	Panel Member (Unassociated Retailer)
Simon Wilshire	JV	Panel Member (Associated Retailer)	Mark Holloway	MH	Panel Member (Wholesaler)
Wendy Monk	WM	Panel Member (Associated Retailer)	Howard Smith	HS	Panel Member (Wholesaler)
Helyn Mensah	HM	Panel Member (Independent)	Dylan Freeman	DF	Panel Member (Wholesaler)
Nigel Sisman	NSi	Panel Member (Independent)	Priya Sinha	PS	Affiliated Panel Member (Ofwat)
Elsa Wye	EW	Panel Member (Independent)	Chris Scoggins	CS	Affiliated Panel Member (MOSL)
Trevor Nelson	TN	Panel Member (Unassociated Retailer)	Adam Richardson	AR	Panel Secretary

OTHER ATTENDEES

Elliot Bird	Meeting Secretary	Harry Osei-Tutu	Presenter (MOSL)
Emma Taylor	Presenter (MOSL)	Matthew Glover (via teleconference)	Observer (Ofwat)
Abu Rashid	Presenter (MOSL)	Antoine Schmidt	Observer (Thames Water)
Patricia Quintana	Presenter	Samir Rahim	Presenter (MOSL)
Stewart Roberts	Presenter (MOSL)	Jacob Tompkins	Presenter (The Water Retail Company)
Charles Unvala	Observer (MOSL)	John Vinson	Alternate Independent Panel Member (Observer)
Steve Lyon (via teleconference)	Presenter (MOSL)	Stephen Winnie	Presenter (MOSL)

APOLOGIES

Christina Blackwell	Affiliated Panel Member (CCWater)
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1. Welcome and Introductions

Purpose: For Information

- 1.1. The Chair welcomed Panel Members to the meeting.
- 1.2. The Chair passed on the apologies of Christina Blackwell and Dan Mason.
- 1.3. The Chair also welcomed David Siddal who was attending as an alternate for Nicola Smith.

2. Minutes and Outstanding Actions

Purpose: For Decision

- 2.1. **Minutes**
- 2.2. The Panel agreed to the accuracy of the minutes from the previous meeting and agreed the minutes of Panel meeting 18.
- 2.3. **Actions**
- 2.4. The Panel agreed to close 14 actions: **A08_05, A12_01, A13_03, A15_02, A16_04, A16_06, A18_01, A18_02, A18_03, A18_04, A18_05, AS_01, AS_02 and AS_04.**

3. Update from MOSL

Purpose: For Information

- 3.1. Chris Scoggins (CS) provided an update on the key activities at MOSL.
- 3.2. The Panel noted the general meeting that had been held to consider the additional costs of £2,195,000 for relocation of MOSL and that this increase in the MOSL budget had been approved by a significant majority of members. CS confirmed that the London office is planned to be closed in January and the transition is planned to begin in September.
- 3.3. CS also highlighted that MOSL received a number of direct correspondences via letters from Associated Retailers who wanted to make their representations clear, despite them not having a vote in the general meeting.
- 3.4. CS confirmed that the criteria of the location was agreed with the Board and the Senior Leadership team in order to retain key staff, drive cost savings, and be accessible for members, and highlighted that external advice was sought from KPMG while evaluating the options. CS explained that the timing of the move was deliberately quick in order to reduce the risk of knowledge loss due to staff leaving, which is minimised the faster the move.
- 3.5. CS acknowledged concerns raised by some Panel Members and Trading Parties that MOSL's industry engagement could be adversely impacted significantly by the relocation. He observed that Southampton is supported by a number of direct and indirect fast train links to north east and west locations, as well as daily flights to locations that suit members in Scotland and North England. In addition, MOSL will continue to be committed to meeting members in their premises and other stakeholders.



- 3.6. CS confirmed that MOSL would also take steps to enhance support for remote engagement, for example video conferencing capability, to enable an improved level of interaction.
- 3.7. A Panel Member suggested that MOSL plan to host some industry engagement meetings in Southampton prior to the office relocation, in order to ensure the feasibility of the location for such meetings. This would allow for justification of the position to move all meetings to Southampton, or inform the decision to not do so if it was found to be too impractical. CS noted the suggestion.
- 3.8. Panel Members also raised concerns that correspondence with MOSL had indicated that the intention is to move all Panel meetings to Southampton also, but that this should be a decision involving the Panel as an independent body deciding where it meets. The Panel agreed that this needed to be discussed separately as a dedicated discussion and minuted appropriately.
- 3.9. CS highlighted MOSL and CGI's joint award for Alliance & Partnership Initiative of the Year at the Water Industry Awards for creating and delivering CMOS.
- 3.10. CS provided an update to the Panel on MOSL's review on its compliance with the market codes which had identified a number of issues of non-compliance which MOSL were addressing. Since the review over 30 obligations have been met where previously they were not, although there are more than 70 issues of non-compliance to still address. However, CS also highlighted that around 50 issues were based on obligations that were written before ways of working were agreed and the code is no longer applicable to the ways of working in reality. In order to resolve those 50 issues, MOSL is intending to bring technical Change Proposals to the Panel to amend the code in line with industry working practice and CMOS operation.
- 3.11. The Panel noted that the CEO Annual Market Review would be published at the end of May. The report will provide information on the state of the market and MOSL's activity over the year.
- 3.12. It was also reported that the Market Performance Standards Charts were published in May.
- 3.13. CS highlighted that some Trading Parties had expressed concern at the short payment window for MPS charges. MOSL had considered this feedback in the context of the Panel's recommendation to Ofwat to approve Change Proposal CPM011 (which will provide for more consistent and generally longer payment windows). CS confirmed that, in light of these considerations, and while CPM011 remains pending, MOSL will not report a Trading Party's non-payment of charges until after the payment time as defined in CPM011 has been exceeded.
- 3.14. Panel Members requested clarity on the reasoning behind this decision, given that they had been informed that there would be no non-compliance risk until December and that the change would be implemented in July. MOSL confirmed that this was the case, but highlighted that they had received feedback from Members that the current code enforced payment window was too short. Therefore, MOSL felt it would be beneficial to give effect to this change sooner to address this member feedback.
- 3.15. The Panel expressed concern that MOSL had determined to operate differently to what is required in the codes. Some Panel Members felt that MOSL should seek approval from the Panel for such variations in operating practice. Other Panel Members felt that it was not appropriate for the Panel to approve the non-compliance of the Market Operator.



- 3.16. An action was raised for MOSL to confirm the progress of the MO compliance report. A Panel Member indicated that it was not possible to establish whether the reports had been updated. The response was to be fed back at the next Panel meeting.

ACTION 19_01**Digital Strategy Committee Update:**

- 3.17. Samir Rahim (SR) provided an update to the Panel on the activity of the Digital Strategy Committee(DSC), as MOSL's sponsor of the Committee.
- 3.18. SR explained to the Panel that MOSL had hosted a Chief Information Officer (CIO) forum for Wholesalers to strategically manage digital innovation prior to market opening. MOSL recognised the potential benefit of such a group to provide strategic information on potential technological innovations and therefore decided to establish a similar group to provide MOSL with insight and feedback going forward. The Panel noted that the DSC has 13 members with 5 Retailers and 5 Wholesaler Members and, in addition to the Chair, the MOSL sponsor and a self-supply Retailer representative.
- 3.19. SR reported that the DSC was currently investigating issues that had been highlighted with bilaterals. This work will explore potential solutions and establish the case for possible resolutions. SR indicated it was his intention to take a draft paper to the MOSL board in June articulating the issue with greater accuracy, based on the DSC's considerations and feedback from industry and the Wholesale Retail Group.
- 3.20. Panel Members asked whether the DSC had a medium-term plan, similarly to the previously discussed Panel plan, that they could review to aid their future decision making. SR confirmed that there was a DSC plan in a draft format, and that it could be provided to the Panel in the future for their information when sufficiently finalised.
- 3.21. SR also highlighted that there was an item in the plan he wished to highlight to Panel Members, which was blockchain. He explained that there has been investigation into blockchain, as well as a workshop group to determine what transactions could benefit for the application of this technology.
- 3.22. It was confirmed that the primary responsibility for addressing data quality issues would be with the MPC, and the DSC would take some responsibility to help understand the issues. Some Panel Members noted that this differed from the position set out in relation to the interim Market Audit report (that suggested the primary responsibility would be with the DSC). MOSL agreed that, consistent with the provisions of the market codes¹, it was appropriate that the Panel, via its Market Performance Committee, should be responsible for addressing data quality.
- 3.23. A Panel member queried how Trading Parties might raise proposed changes to CMOS interfaces, given that they cannot identify an appropriate forum to raise such changes. The Panel raised an action for

¹ Schedule 10 and Section 5.2 Of the MAC confirm that market performance is a key responsibility of the Panel and the MPC. Poor data quality can be both a symptom and a cause of underperformance, therefore it should be a responsibility of the Panel and the MPC to monitor and review issues of data quality.



MOSL to provide a briefing on the process of raising non-code CMOS changes following the Panel meeting.

ACTION 19_02

3.24. The Panel **NOTED** the presentation from MOSL.

4. Monthly Committee Updates

Purpose: For Information

- 4.1. The Panel was provided with a monthly update on the activities of the Panel Committees, which have met since the April 2018 Panel meeting.
- 4.2. The Chair of the Market Performance Committee (MPC) provided an update on the activities of the Committee, including the Committees commitment to try to introduce some chargeable Operational Performance Standards by October 2018. However, the Chair remarked that this might not be possible given delivery delays in the OPSWG
- 4.3. One Panel Member highlighted that concerns have been raised by a Trading Party around the accuracy of the Market Performance Standards (MPS) charges. However, MOSL could confirm that currently the level of queries had remained small (3) and that there was still confidence in the accuracy of the reporting. In addition, Panel Members highlighted that a full break down would have been provided to each Trading Party via the SharePoint site dedicated to each Trading Party.
- 4.4. The Chair of the Trade Effluent Issues Committee (TEIC) confirmed that the Committee continued to make good progress on review of scenarios, which would likely lead to Change Proposals being raised and Guidance Notes being issued.
- 4.5. The Chair of the Committee also confirmed that the Committee had been created on a temporary basis, with the intention of holding meetings for a year. They also confirmed that they would review whether the Committee is still required at that point before disbanding it, which could likely be reviewing the market audit and how it feels the issues have been addressed.
- 4.6. The Panel **NOTED** the contents of this paper.

5. Change Report

Purpose: For Information

- 5.1. The Panel considered the Change Report that covered the change activity which occurred between 11 April and 15 May on Change Proposals.
- 5.2. The Panel **NOTED** the contents of this paper.

6. Initial Written Assessment: CPW037 – Error Codes Updates

Purpose: For Decision

- 6.1. The Panel considered a Change Proposal sought to align the Error Codes list in CSD 0301: Data Catalogue with the most recent version of CMOS following updates to the design of CMOS.



- 6.2. The Proposer highlighted to the Panel that CSD 0301: Data Catalogue contains a list of the error code transactions in CMOS, but that this had not been updated since March 2017 and was therefore out of date. They also highlighted that currently an up to date list was hosted on the MOSL website with more information, which Trading Parties were currently using to access information on error code transactions.
- 6.3. The Panel agreed with the broad principle of the proposal, but raised concerns that this form of change would mean that a similar change would have to be progressed with every system release to keep the list up to date. Instead, a number of Panel Members suggested the change could be modified in order to remove the requirement for an error codes list in the market codes, and instead include an obligation for MOSL to provide this externally and for it to be governed outside of the codes.
- 6.4. The Proposer recognised the concerns raised by the Panel, and in recognition of this they suggested that they return to a future Panel meeting with a Change Proposal to remove the error code transactions list from code documents. The Change Proposal will instead create an obligation for the error codes list to be provided externally and updated on a scheduled basis or with agreement from the Panel.
- 6.5. MOSL confirmed to the Panel that the suggested governance approach for removing the list of error code transactions would be for them to be held on the MOSL website and updated in line with scheduled releases, and for the Panel to review and agree any proposed ad hoc changes to the list. The Panel also agreed with this approach.
- 6.6. The Panel **AGREED** to submit the change to the Authority, subject to the changes in the solution discussed in the meeting. MOSL highlighted that in order to make these changes, it would need to understand the wider implications on the Market Codes, and that if further changes were required then it would bring the change back to the next Panel meeting.

7. Draft Recommendation Report: CPW035 – Updates to the F/01 Form

Purpose: For Decision

- 7.1. The Panel considered a Change Proposal that sought to ensure that the F/01 form (Enquiries including record of drinking water enquires and concerns) can be used for non-household (NHH) enquiries of a more general nature as well as enquiries relating to drinking water.
- 7.2. The Proposer explained to the Panel that, currently there is confusion in the industry around using the F/01 form and what it can be used for, which had led some Wholesalers to develop their own specific enquiries forms. These forms are often inconsistent with other Wholesalers and the process is less efficient than if a single form was used. The Proposer has suggested that the F/01 form is clarified to indicate its intended uses and the enquiries process is simplified.
- 7.3. The Proposer reported to the Panel that the Change Proposal had been consulted on with the User Forum and the industry through a Request for Information (RFI), both of which had received almost unanimously positive responses. The Respondents indicated this was a relatively minor, low cost change that had sufficient potential benefits.
- 7.4. The Panel considered the merits of the change in the context of the Principles and Objectives set of the WRC and agreed with the recommended rationale outlined in the paper.

7.5. The Panel:

- Unanimously **AGREED** to recommend implementation of CPW035 to the Authority for approval;
- Unanimously **AGREED** the recommended implementation date on:
 - 28 September 2018, if Authority approval is received by 31 August 2018; or
 - 1 December 2018, if the Authority decision is received before 1 November 2018.
- **PROVIDED** rationale as to whether the Change Proposal will or will not better facilitate the WRC Objectives and Principles.

8. Draft Recommendations Report: CPW036 – Trade Effluent Forms Updates

Purpose: For Decision

- 8.1. The Panel considered a Change Proposal that sought to change a number of sections in the G/02 form and introduce a new G/03 form into the market codes, which would be used to process Trade Effluent consent applications that are less than or equal to six months in duration. This proposal had been drafted and developed by the Trade Effluent Issues Committee (TEIC).
- 8.2. The Proposer highlighted that this change was raised to address the issue of Trade Effluent consent application complexities, which were also raised in the PwC Market Audit as a major issue. Following the opening of the market and the introduction of the form, the number of Trade Effluent Consent applications dropped significantly. This change hopes to resolve this, by simplifying the existing Trade Effluent Consent form and introducing a new simpler form for Temporary Trade Effluent Consent.
- 8.3. In simplifying the form, the TEIC agreed that the list of hazardous substances, that was previously contained within the form, should be removed. The proposal being that this list would be held separately on the MOSL website, for access by customers when they are completing this form. This would allow the form to be simplified. It would also allow the list to be kept up to date more efficiently when changes are made to the list of hazardous substances (provided by the Environment Agency) by avoiding the need for Change Proposal to be raised on a recurring basis whenever updates were needed.
- 8.4. The Proposer confirmed that a consolidated list was not available elsewhere. The Panel agreed with the Proposal to remove and host the list separately on the basis that a disclaimer be included on the consolidated list to make it clear that in the instance of any discrepancy, the information published by the Environment Agency should take precedence.
- 8.5. The Proposer explained that the change also introduced clarification in the codes that temporary consents should not be entered into CMOS and instead should be billed through non-primary charges. This had caused confusion previously, where Wholesalers had interpreted the code inconsistently, which led to an inconsistent approach to temporary consents from Wholesalers. This processing of temporary consents was also confirmed to align with the process operating in the Scottish market.



- 8.6. The Industry Consultation was reported to the Panel as receiving a broadly positive response, with an almost unanimous agreement with the change.
- 8.7. The consultation also highlighted that the Trading Party implementation costs were likely to vary, depending on how forms had been implemented digitally in Trading Party systems. Therefore, Trading Parties had requested 3 months in order to implement the change, which is reflected in the implementation dates recommended.
- 8.8. A Panel Member commented that the wording in relation to providing the flash point of discharges was incorrect and the Proposer agreed to amend the wording prior to the recommendation being submitted to the Authority.
- 8.9. Given that Wholesalers have other statutory legal obligations to protect the environment, related to this change, the Panel requested that the proposed change be reviewed by a legal expert.
- 8.10. The Panel considered the merits of the change in the context of the Principles and Objectives set of the WRC and agreed with the recommended rationale outlined in the paper.

ACTION 19_03

- 8.11. The Panel:
 - Unanimously **AGREED** to recommend implementation of CPW036 to the Authority for approval;
 - Unanimously **AGREED** the recommended implementation date on:
 - 28 September 2018, if Authority approval is received by 28 June 2018; or
 - 1 December 2018, if the Authority decision is received before the 01 September 2018.
 - **PROVIDED** rationale as to whether the Change Proposal will or will not better facilitate the WRC Objectives and Principles.

9. Ofwat Update

Purpose: For Information

- 9.1. Priya Sinha (PS) from Ofwat provided an update on the activities of Ofwat in the month since the previous Panel meeting, this included the revision of the self-supply license application process and the granting of a license to new entrant Smarta Water.
- 9.2. PS highlighted that the Authority had approved the implementation of [CPM010 "Amendments to the Board Nomination Process"](#), [CPM011, "MOSL invoices and Payment terms"](#) and [CPW034 "Housekeeping changes to CSD 0301"](#). She also noted that the Authority had sent CPM008 back to the Panel for further assessment.
- 9.3. PS shared the high-level findings of the Ofwat/KPMG credit report and confirmed that initial discussions had taken place between Ofwat and MOSL on the potential progression of its recommendations.



- 9.4. PS explained that a key finding of the report was that requiring credit is not in and of itself a barrier to entry and the collateral requirements and mix of options is similar to those present in other regulated markets. However, KPMG had identified concerns around the use of parent company guarantees, particularly where this form of credit is utilised by Associated Retailers where they were paying zero or low costs for this form of credit which could potentially have impacts on the development of competition in the market.
- 9.5. KPMG had found limited evidence to support specific changes for smaller new entrants. However, they had identified a number of areas where general improvements to the credit arrangements could benefit smaller new entrants.. This recommendation also recognised that Wholesalers had put forward workable solutions to help smaller Retailers.
- 9.6. In addition, KPMG identified areas of the code that could be clarified and improved, such as the timelines around defaulting Parties and the Interim Supply Process. This was as well as suggestions that alternate credit models could be developed. However, it was suggested these might be lower priority recommendations.
- 9.7. PS also wished to highlight that Ofwat had become aware of Retailers who were moving customers to default tariffs billing in advance, rather than arrears, and that it was investigating whether this could be considered going against the retail exit code. Ofwat could not confirm what form any further investigation would take, as evidence was still being collected, but it wanted Parties to be aware that changes may be coming in the future when making decisions such as these.
- 9.8. PS reported to the Panel that it was Ofwat's intention to publish the credit report in early to mid-June, and that Ofwat was seeking consent from Retailers to publish certain elements of the report.
- 9.9. PS also indicated that Ofwat was looking to request information on Operational Performance Standards (OPS), and the potential concerns around whether there are sufficient incentives for Wholesalers to improve their performance especially around the accuracy of market data.
- 9.10. The Panel **NOTED** the presentation from Ofwat.

10. Authority Decision on CPM008

Purpose: For Information

- 10.1. The Panel noted that CPM008: 'Redistribution of Market Performance Standards (MPS) Charges' had been sent back to the Panel by Ofwat for further assessment. The Panel considered the approach to this assessment as well as the matters for further consideration.
- 10.2. The Committee recognised that the MPC was already under significant pressure to complete other pieces of work and reviewing this area substantially could seriously detract from the Committee's other work, including the review of charging associated with Operational Performance Standards.
- 10.3. The Chair of the MPC also raised concerns that currently Trading Parties are expecting some form of redistribution of funds they have provided, and that they should be informed quickly if that is no longer planned to be the case. This will be difficult if the Committee is still required to undertake the assessment suggested in this paper. The Chair also highlighted it would be important to consider the potential impacts on the end customer associated with any revised redistribution of MPS charges.

- 10.4. The Panel Secretariat suggested that the MPC should be able to give the industry an indication of its intended solution in July/August when it goes to industry consultation.
- 10.5. Panel Members highlighted that it would be important to consider the materiality of the charges in this review, as this would be an important factor in a Panel decision. The chair of the MPC noted this and agreed that the materiality of the charges would be an important factor in any review decision by the MPC.
- 10.6. The Chair of the MPC noted that market enhancing projects had been discussed previously as a potential use of the funds, but that the Committee had agreed the idea should be investigated in future as timescales of the first MPS review did not support it.
- 10.7. Ofwat explained that its concerns related to potential unintended consequences on the incentives created by the MPS charging framework, and that it wanted to understand the scale of the risks. As part of further assessment, it would like to understand the potential for dilution of charges and the potential effects of alternative redistribution mechanisms, including the use of collected charges for market improvements.
- 10.8. Panel Members discussed the removal of the redistribution approach and noted that this should deliver good incentives to perform well. Some Panel Members felt that using the charges to fund special projects would just be a different method of redistribution in recognition of the above point, Panel Members suggested that one way of avoiding this issue of dilution or washback would be to donate this money to a charity such as WaterAid.
- 10.9. Panel Members suggested that, if this was to be re-assessed by the MPC then it would be beneficial to have active representation from the regulator. PS agreed that this would be beneficial and that Ofwat would consider how it could best provide this support.
- 10.10. The Panel:
 - Unanimously **AGREED** the matters for consideration in relation to CPM008 as set out in this paper;
 - Unanimously **AGREED** to delegate responsibility for assessing these matters to the Market Performance Committee (MPC); and
 - Unanimously **AGREED** that the MPC should make its recommendation on CPM008 to the Panel no later than October 2018.

11. Draft Recommendation Report: CPW019 – Alternative Eligible Credit Support

- 11.1. The Panel considered a Change Proposal that sought to provide access to an Unsecured Credit Allowance for Retailers that have Trade Credit Insurance (TCI) in place. The Panel had previously submitted this proposal to re-assessment having reviewed it previously and requested that an alternative solution be provided.
- 11.2. MOSL set out the proposed solution and highlighted that the findings of the industry consultation.



- 11.3. The Panel noted that the proposed solution incorporated amendments made in light of feedback provided by the industry via the consultation. It was noted that the solution had been reviewed and endorsed by the sub-group of Panel members that had reviewed the potential change.
- 11.4. The Panel noted that an Unsecured Credit Allowance based on TCI would only be available for the first 3 years of a Trading Party's operation. The Proposer confirmed that this was consistent with the estimated 2-3 years it would take in order to have sufficient trading history to receive a credit score, in order to access unsecured credit.
- 11.5. Panel Members requested clarity on whether this would apply to existing companies, perhaps from similar industries, that entered the water market who could normally meet the credit requirement. The Proposer confirmed that this would be the case, however it would likely make more sense for such a Party to use a credit score to gain unsecured credit allowance as opposed to this provision.
- 11.6. MOSL and the Proposer confirmed, at a Panel Members request, that self-supply Retailers would be unable to utilise TCI to access an Unsecured Credit Allowance as it would be impossible for them to insure themselves against non-payment by the customer as they are both the Retailer and the customer.
- 11.7. Panel Members raised concerns that this solution might only be useful for a small number of Retailers, given that it is difficult to insure smaller customers which the majority of Retailers will have a larger number of. They highlighted that a respondent of the consultation had indicated the costs of insuring smaller customers would be too large to be financially viable. However, the Proposer confirmed that they investigated this matter and found that insurance policies did exist which carried lower costs and excesses than those cited in the consultation response.
- 11.8. The Panel noted that consultation responses indicated that there were no significant costs to any party of introducing this Change Proposal, with one exception, as well as no impacts on MOSL or CMOS.
- 11.9. The Panel considered the merits of the change in the context of the Principles and Objectives set of the WRC and agreed with the recommended rationale outlined in the paper.
- 11.10. The Panel:
- **AGREED** by majority to recommend implementation of CPW019 to the Authority for approval;
 - **AGREED** by majority the recommended implementation date on: and
 - 31 July 2018, if the Authority decision is received by 27 July 2018; or
 - 5 Business Days after the Authority decision, if received after 27 July 2018.
 - **PROVIDED** rationale as to whether the Change Proposal will or will not better facilitate the WRC Objectives and Principles.
- 11.11. One Panel Member voted against the proposal on the grounds that they felt unsecured credit allowance should be a reward for well established businesses, rather than an entitlement of all Parties. However, they recognised that currently there is an imbalance with access to credit options in favour of incumbent Parties and this may go some way to address the imbalance.



12. Additional Services

- 12.1. The Panel considered a paper outlining the Additional Services MOSL provides to its members and the charges associated with these services.
- 12.2. MOSL highlighted that the only change to the status quo would be that the cost of additional settlement runs, which would no longer be for a single Wholesaler-Retailer pairing. This would mean that, where previously the cost of £2000 would be incurred for each additional settlement run for each Wholesaler-Retailer pairing, it will now be a single £2000 charge covering all pairings for that period. This is following investigation into the process that highlighted there was no additional cost to run each pairing and therefore this new charge remains cost reflective.
- 12.3. Panel Members requested clarity on the £2000 cost per additional settlement run, given that Panel Members highlighted the cost for an additional settlement run in the Scottish market is believed to be £250. MOSL highlighted that the charges of additional services are cost neutral and reflect the cost and effort associated with both MOSL and CGI performing the service.
- 12.4. Panel Members recognised the point raised by MOSL, but also highlighted that the TDC had received feedback from smaller Trading Parties that the current charge for additional settlement runs is preventing them for raising disputes or make re-runs. The Panel therefore requested clarity on the makeup of the MOSL additional settlement run charge, specifically they requested clarity on:
 - The comparison of the costs of a re-run with the Scottish service;
 - The breakdown of the costs to MOSL and CGI that form the charge;
 - And the rationale behind the unchanging marginal cost of additional runs.

ACTION 19_04

- 12.5. Panel Members questioned why the Medium Volume Interface appeared in the Additional Services paper, given that it was funded by Members and has no additional costs associated with its use. MOSL highlighted that the proposed fair use policy was being kept under review to ensure it could be delivered at no additional cost and charging regimes may be put in place for those that exceed it.
- 12.6. The Panel is invited to:
 - **NOTED** the contents of this paper;
 - **COMMENTED** on the proposed schedule of additional charges; and
 - **NOTED** that any comments will be reflected to the MOSL Board when it is finalising these additional charges ahead of publication.

13. Release Governance

- 13.1. The Panel received a presentation from Samir Rahim (SR) on the governance procedures around CMOS releases, and an update on the upcoming CMOS releases within the next year.



- 13.2. SR explained that MOSL aims to have the next 3-4 releases in a planned state and perform a rolling review of the contents of each release regularly, and that any plans for releases are snapshots of candidate changes that will firm up the contents of the release over time.
- 13.3. SR explained that, on average, designing, developing and testing CMOS changes takes 5-6 months in total, although the development of complex changes can take longer. The Panel noted that the agreed timing of releases is based on industry feedback which indicated that the Trading Party testing should not fall over the summer period or the end of the year because Parties resources are heavily constrained at these times.
- 13.4. SR also clarified that changes could be developed on an urgent basis. However, the case for urgency would need careful consideration since, depending on the nature of the urgent change, there may be impacts on the timing of other planned changes as well as the potential for additional costs to arise.
- 13.5. The Panel requested clarity on who is responsible for determining priorities in the content of a release. SR confirmed that in this circumstance the Panel will be asked to prioritise the changes within the release.
- 13.6. SR noted that the recent CMOS release 4.0 had been deployed into production with no issues raised and that it had resolved the largest volume of CMOS defects compared to any previous release.
- 13.7. SR also provided an update on the proposed CMOS release 4.5 which was reported to the Panel as a minor release for later in 2018. This release contained a change to allow 'G-Reads'² to be deleted by trading parties after they have been generated.
- 13.8. This amendment to CMOS functionality was being developed following feedback on issues faced by Trading Parties where matters associated with poor data quality would not be resolved before G-Reads are created.
- 13.9. The Panel noted that the market codes did not prohibit the removal of G-Reads and that this was a functional restriction within CMOS. However, G-Reads would always be generated, consistent with the market codes, where a meter had not been read for over a year.
- 13.10. Panel Members raised concerns that the inability to modify G reads was included in the CMOS design with good reason, and that if G reads are changed after they are generated further settlement runs will be required to address any changes that were made.
- 13.11. The Chair of the MPC raised concerns that he believed this was an issue the MPC should have investigated, or been consulted on, to discuss and understand some of the issues and potential solutions.
- 13.12. Panel Members also raised concerns that this seemed to be an important and significant change and that it was strange it was not in the codes and not communicated to the Panel prior to the meeting. MOSL observed that in considering the potential amendment, MOSL had communicated with Trading Parties via the User Forum and discussed the matter with the Operational Release Working Group.

² A G-read is an estimated meter read, generated in the final reconciliation settlement run (RF run), when there is no history of meter readings for that SPID.



- 13.13. The Panel noted that the Market Codes do not restrict the deletion of G-Reads and that, as such, no Change Proposal to amend the Market Codes was required. MOSL confirmed that it would ensure Trading Parties were notified of the proposed new functionality and release plan consistent with its obligations relating to release governance. MOSL confirmed it would take account of any feedback received by Trading Parties in relation to the proposed functionality and associated release.
- 13.14. Some Panel members question the merit of deleting rereads and thought MOSL should further justify this change before any functionality was implemented. The Panel also requested that should MOSL provide the G read deletion facility that the necessary safeguards are introduced to ensure the financial integrity of the invoicing and settlement processes. For example, the Panel wondered whether a requirement to perform post-RF corrective settlement runs might be necessary for all periods whose consumption allocation between months could be considered amended in the context of a G read is deletion.
- 13.15. SR provided an update on release 5.0 and 6.0.
- 13.16. SR noted that approved changes [CPW028 “Unpaired SPIDs”](#) and [CPW033 “Meter Effective to Date field in the MDS METER Report”](#) require an additional 4 weeks development time. Consequently, release 5.0 will be deferred to 26 October 2018. This delay will not impact future releases.
- 13.17. SR reminded the Panel that, at the Panel’s request, the currently unapproved change [CPW025 “Extending TCORR functionality to inactive data items”](#) was being progressed at risk pending a decision from Ofwat. MOSL had been working to incorporate this change into release 5.0, however, the development work required to implement this complex change meant that implementation as part of release 5.0 would not be possible. Consequently, CPW025 “Extending TCORR functionality to inactive data items” was now planned for implementation in CMOS release 6.0.
- 13.18. SR confirmed that CMOS release 6.0, scheduled for May 2019, was still on schedule and would release as planned with CPW025 included.
- 13.19. The Panel considered whether there should be an interim solution provided, while the functionality provided by CPW025 was unavailable, to correct transactions for deregistered SPIDs. However, the Panel agreed that an interim solution was unnecessary and that it would be sufficient to remind Trading Parties to put in place appropriate checks and balances to prevent erroneous deregistration of SPIDs.
- 13.20. The Panel agreed to raise an action to circulate an industry communication explaining the status and content of Releases 5.0 and 6.0 and the projected implementation date for Change Proposal CPW025.

ACTION 19_05

- 13.21. The Panel **NOTED** the contents of the presentation.

14. Annual Report of TDC

- 14.1. The Panel reviewed the Annual Report detailing the work of the Trading Disputes Committee (TDC) in the previous year.



- 14.2. It was noted that, although, 7 Trading Disputes had been raised throughout the year none of them had been escalated to the point where they had required scrutiny by the Trading Disputes Committee.
- 14.3. The TDC has recognised that the majority of the disputes were raised in order to allow a corrective settlement run to take place and both parties had already agreed to a resolution. Normally to make a corrective settlement run Trading Parties face a strict time restriction, so they have to raise a dispute to make the correction despite the correction not actually being disputed. The TDC is currently investigating whether the restriction on corrective settlement runs could be amended, or whether a separate process could be used for such corrections.
- 14.4. The Chair of the TDC also highlighted that the Committee was considering raising code changes to amend the materiality threshold to raised disputes, which has proven to be a very high barrier for Trading Parties to meet.
- 14.5. In addition, there have been suggestions that the definition of a Trading Dispute should be reviewed, which comes from feedback from Parties that the process can appear overly adversarial.
- 14.6. Finally, the Chair of the TDC indicated that the Committee is expecting more disputes to be raised as the market matures.
- 14.7. The Panel **NOTED** the contents of this paper.

15. Any Other Business (AOB)

Purpose: For Information

- 15.1. An update was provided on Panel action **A12_01** to investigate CMOS workarounds being used in the industry, that was raised in response to the Authority recommendation of CPW022. It was highlighted that over 30 issues had been identified, and that these fell into four broad areas for action:
 - Candidate for guidance to be produced;
 - Candidate for code / system change;
 - Potential need for Parties to amend their processes; and
 - Further investigation needed with the Trading Party.
- 15.2. MOSL noted it would bring an update to a future Panel meeting to recommend progression routes for these issues.
- 15.3. There was no further business and the Chair closed the meeting.

Actions:

- ACTION 19_01** MOSL to confirm the progress of the MO compliance report, as agreed by the MO compliance policy produced by the MPC.



- ACTION 19_02** MOSL to provide a briefing on the process of raising non-code CMOS changes following the Panel meeting.
- ACTION 19_03** CPW036 to be reviewed by a legal expert to determine whether the proposed changes potentially conflict with the existing legal obligations.
- ACTION 19_04** MOSL to provide a comment to clarify the makeup of the MOSL additional settlement run charge, the marginal cost of additional runs and the comparison of the cost to the Scottish market cost.
- ACTION 19_05** Panel to circulate an industry communication explaining the issues faced with Releases 5.0 and 6.0 and Change Proposal CPW025.

The next Panel meeting is scheduled for: **29 May 2018, 10:30 – 15:30, at:**
MOSL Offices
16-18 Monument Street
London
EC3R 8AJ

The nearest tube stations are Monument, Bank and London Bridge.